



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/789,920	02/27/2004	Dmitry Noraev	018638-04-0156-01	8891
7590 Daniel H. Golub 1701 Market Street Philadelphia, PA 19103			EXAMINER HAMILTON, LALITA M	
			ART UNIT 3624	PAPER NUMBER

DATE MAILED: 08/23/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/789,920

Applicant(s)

NORAEV ET AL.

Examiner

Lalita M Hamilton

Art Unit

3624

– The MAILING DATE of this communication appears on the cover sheet with the correspondence address –

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☐ Responsive to communication(s) filed on ____.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-13 is/are pending in the application.
- 4a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 1-13 is/are rejected.
- 7) ☐ Claim(s) ____ is/are objected to.
- 8) ☐ Claim(s) ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on ____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. ____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date ____.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. ____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: ____.

DETAILED ACTION

Oath/Declaration

It does not identify the citizenship of each inventor.

Specification

The abstract of the disclosure is objected to because the use of the term "novel" is improper. Correction is required. See MPEP § 608.01(b).

Claims 1-5 and 9-13 are objected to because of the following informalities: The use of the term "novel" is improper. Appropriate correction is required.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 3-13 are rejected for the following reasons:

In claim 3, "underlying security" lacks antecedent basis.

In claim 4, "matching" and "underlying equity price" lack antecedent basis.

In claim 6, "input platform", "investment vehicle", "risk", and "security" lack antecedent basis.

In claims 9 and 10, "asset" lacks antecedent basis.

In claim 13, "lower effective conversion price" lacks antecedent basis.

The remaining claims are rejected for their dependency upon rejected claims.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-13 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, *or* composition of matter, *or* any new and useful improvement thereof" (emphasis added).

Claims 1-13 are rejected under 35 U.S.C. 101 because; the claimed invention is directed to a non-statutory subject matter. Specifically the method and system claims as presented do not claim a technological basis in the pre-amble and the body of the claim. Without a claimed basis, the claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S.C. 101. In contrast, a method or system claim that includes in the body of the claim structural / functional interrelationship which can only be computer implemented is considered to have a technological basis [See Ex parte Bowman, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) - used only for content and reasoning since not precedential].

In order to over come the 101 rejection above, the following preambles are suggested:

-A computer implemented method for ---, or something similar. Also, in the body of the claim include structural / functional interrelationship which can only be computer implemented.

-A computer implemented system comprising ---, or something similar. Also, in the body of the claim include structural / functional interrelationship which can only be computer implemented.

Further, claims 9-13 are rejected under 35 U.S.C. 101, because the method in combination with the system claimed is improper, and thus directed to non-statutory subject matter.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-13 are rejected under 35 U.S.C. 102(e) as being anticipated by Birle (US 2003/0135446).

Birle discloses contingent convertible financial instruments and corresponding method comprising a debt security providing a fixed income return for a pre-set period of time that further provides an equity conversion arrangement for a select underlying equity security based on future contingent events and a derivative instrument coupled to

Art Unit: 3624

said debt security providing an option to purchase shares at a select price at a future date, wherein said derivative installment is itself contingent and may be canceled prior to said future date and payment for said derivative instrument is provided on an installment basis, with future payment obligations extinguished upon cancellation (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); the debt security is a convertible bond (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); the underlying security is for equity in an issuer for said convertible bond (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); the future contingent event is the matching of said underlying equity price to a pre-set value (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); derivative instrument is a call spread option having a strike price equal to a conversion price of said convertible bond (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); combination in a data processing system for implementing and managing investment vehicles configured to alter equity dilution on select debt instruments, said system comprising data input and storing platform in communication with information relating to equity-linked securities including total amount, yield, and conversion price of said securities, processor connected to and in communication with said input platform for receiving said information and selectively creating said investment vehicle, wherein said investment vehicle favorably alters the risk of equity dilution by coupling said security to a call spread option, and said processor further provides pricing and hedging information for output to a system user wherein said call spread option is funded by a cancelable payment stream (p.2, 24 to p.3, 37; p.5, 59; and fig.1 and 6-all); part of said payment stream is a reversible swap of coupons and said security, in exchange for a lowered, effective conversion price (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); output

Art Unit: 3624

includes a hedging position determined from said call spread option (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); an arrangement with an investor of an asset-linked convertible security having associated therewith a conversion price for said asset, and a payment stream extending for a select period into the future, said arrangement comprising a reversible swap for said payment stream in exchange for a lower effective conversion price (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); asset is equity (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); security is a debt instrument (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); payment stream comprises coupon payments for said debt instrument (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all); and lower effective conversion price is accomplished by a call spread option on said equity (p.2, 24 to p.3, 37; p.5, 59; and fig.1-all).

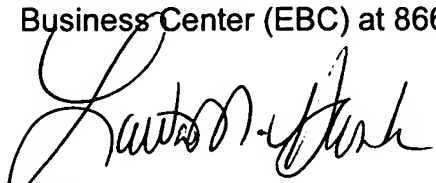
Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Lalita M Hamilton whose telephone number is (703) 306-5715. The examiner can normally be reached on Tuesday-Thursday (8:30-4:30).

The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Art Unit: 3624

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



LMH